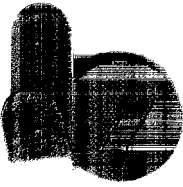


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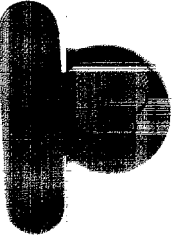
ADJUSTMENTS FOR EMPLOYEES OVERPAID BETWEEN 8 JULY AND 24 OCTOBER 1951

NAME OF EMPLOYEE	AMOUNT INIT. EST.	FINAL	REPAYMENT ARRANGEMENTS
A. VOUCHERED PAYROLL			
1.	130.12	20.17	Deducted from 9 May check
2.		17.38	Resigned
3.	127.78	2.48	Deducted from 9 May check
4.		15.45	Deducted from 9 May check
5.	128.27	26.13	Deducted from 9 May check
6.	88.81	2.35	Deducted from 9 May check
7.	126.51	2.09	Deducted from 9 May check
8.	129.79	26.88	To be deducted in 4 install- ments beginning 9 May
9.	46.14	12.94	Deducted from 9 May check
10.	119.33	5.62	Deducted from 9 May check
11.	119.18	8.86	Deducted from 9 May check
12.	60.89	32.05	Resigned
13.		12.79	Personal check 24 April
14.	131.45	16.66	To be deducted in 2 install- ments beginning 9 May
15.	127.55	16.30	Deducted from 9 May check
16.	96.73	19.42	To be paid by personal check during month of May
17.	28.30	31.38	Resigned
18.	126.58	23.69	Deducted from 9 May check
19.	122.84	9.00	Deducted from 9 May check
20.	67.29	12.40	Resigned
21.	119.12	21.47	Deducted from 9 May check
22.	126.37	2.39	Deducted from 9 May check
23.	123.84	2.41	Deducted from 9 May check
24.	34.77	16.13	Deducted from 9 May check
25.	126.49	15.82	Deducted from 9 May check
	2308.15	372.26	
B. UN			
1.	118.18	9.60	To be deducted from 5 June check
2.	152.22	23.50	Overseas
3.	24.76	20.16	Personal check
4.	92.55	20.29	Overseas
5.	119.11	12.09	Resigned
6.	48.85	19.97	Resigned
7.	27.96	23.85	Overseas
	583.63	129.46	
GRAND TOTAL	2891.78	501.72	

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22 April 1953

MEMORANDUM FOR THE RECORD

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SUBJECT: Meeting at GAO re Adjustment of Salary Rates for CIA Personnel

1. On 17 April 1953 a meeting was held in the General Accounting Office with the following persons present:

Mr. Peter - General Counsel, GAO
Mr. Friend - General Counsel, GAO
[REDACTED] - Acting General Counsel, CIA
Mr. George Meloon - Personnel Director, CIA
[REDACTED] - Deputy Comptroller, CIA

2. The purpose of the meeting was to review with the General Accounting Office whether certain personnel of CIA who received administrative increases during the period 8 July 1951 to 24 October 1951 are required to have their salary rates adjusted to conform to those salary rates to which the employees would have been entitled had the salary schedule approved by Public Law 201, 24 October 1951, been approved and applied during that period.

3. After considerable review and discussion of the application and effect of Public Law 201 and Public Law 375 with respect to CIA and the authorities of CIA under Public Law 110, the General Accounting Office expressed the view that, although the Director of CIA has the authority to establish rates of compensation for CIA personnel, in applying the retroactive provisions of Public Law 375 to the period 8 July 1951 to 24 October 1951, the Director's authority is limited by the provisions of that law, which stipulates that the retroactive pay increases must be made on the same basis as if that had been authorized by Public Law 201. Therefore, it is required that the CIA personnel who received administrative increases during the period 8 July 1951 to 24 October 1951 must make restitution for any amounts received for the period which were in excess of the amounts permitted to be paid under Public Law 201, as interpreted by CG opinion of 6 November 1951. The GAO further indicated, however, that, since the Director of CIA has the authority to establish the rates of compensation for CIA personnel, there would be no legal requirement for adjusting the salaries of the individuals involved from 24 October 1951 forward.

4. Mr. Peter of General Accounting Office advised the CIA representatives that it would not be necessary to request a formal opinion and that, if the General Accounting Office auditors raised any questions in connection with the problem, the General Counsel of GAO would guide them in accordance with the views expressed and agreed on at that meeting.

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5. The result of these discussions is that it will be necessary to revise downward the amounts due from CIA personnel as reflected in the schedule attached as TAB A to the staff study submitted to the DD/A 14 April 1953, and it will be necessary to obtain an administrative decision from the DD/A as to whether the recently processed personnel actions adjusting these individuals' current salaries should be retracted and the pay of the personnel involved adjusted accordingly.

6. As soon as a revised schedule of refunds due has been prepared to conform to the informal opinion of GAO, the result of the meeting with GAO will be discussed with the DD/A and approval will be requested to retract the personnel actions and make appropriate pay adjustments.

[REDACTED]
Deputy Comptroller

25X1A

RHF:cmw

Distr:

cc - Maloon (Personnel)
cc - [REDACTED] (Gen. Coun.)

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4 May 1953

SAMPLE LETTER - OVERSEAS EMPLOYEE

STATINTL MEMORANDUM FOR: [REDACTED]
FROM : [REDACTED]
SUBJECT : Salary Overpayment

1. You will recall that federal employees under the classified civil service were granted a salary increase on 24 October 1951 retroactive to 8 July 1951. The statute which authorized this increase was Public Law 201 of the 82nd Congress. Since the Classification Act of 1949 which establishes salary rates for civil service employees expressly did not apply to this Agency, our employees were not entitled to receive the retroactive benefits of Public Law 201 until the passage of special legislation in June of 1952 (Public Law 375 - 82nd Congress). However, CIA employees were paid the increased salary rates prescribed by Public Law 201 prospectively from 24 October 1951.

2. During the period from 8 July 1951 to 24 October 1951, a number of personnel actions were effected by the Agency which involved changes in grade. In each of these cases, salary rates in the new grade were determined in accordance with the provisions of law prevailing at the time of the personnel action. These provisions carefully defined to which salary rate step an employee advanced on receipt of a change in grade. Your promotion effective 22 July 1951 from GS-5, 7th step, \$3850 per annum, entitled you to be advanced to the 6th step of GS-6, \$4075 per annum. A promotion in your case to the 5th step of GS-6 would not have given you the one-step increase in the then existing rate of basic compensation which the law required.

3. However, if the schedule of salary rates established by Public Law 201 had been in effect at the time the personnel action in your case was effected, your promotion from GS-5, 7th step, to GS-6, 5th step, rather than GS-6, 6th step, would have been entirely in compliance with the law. The Comptroller General of the United States has ruled that since Public Law 201 was retroactive to 8 July 1951, it is required that action be taken to adjust those salary rates which were fixed on or after that date and prior to 24 October 1951, to conform to those salary rates to which employees would have been entitled had the Public Law 201 schedule of salary rates been operative and applied at the time personnel actions were effected. In other words, adjustment must now be made as though you had been promoted only to GS-6, 5th step, \$3950. The ruling of the Comptroller General goes further to require adjustments of compensation including collection of overpaid salary where necessary. Since Public Law 375 authorized this Agency to make retroactive adjustments on the same basis as provided by Public Law 201, the opinion of the Comptroller General regarding Public Law 201 is applicable to CIA.

Salary Overpayment (cont.)

4. It will be apparent from the foregoing that the Agency improperly paid you at the salary rate of a GS-6, step 6, from 22 July 1951 to 23 October 1951. Your compensation should have been at the scheduled rate for a GS-6, step 5, from 22 July 1951 to 23 October 1951. The foregoing indicates an overpayment in your case of \$23.59, for which refund is required under the law. It is requested that you liquidate this amount by personal check made payable to [REDACTED] and forwarded to Headquarters. Should you be unable to liquidate in the manner suggested, Headquarters should be advised of the alternative method.

5. The inconvenience which the foregoing will cause you is regretted. The Agency has no alternative but to comply with the ruling of the Comptroller General.

[REDACTED]
Acting Chief, Payroll and Travel Branch, FD

STATINTL

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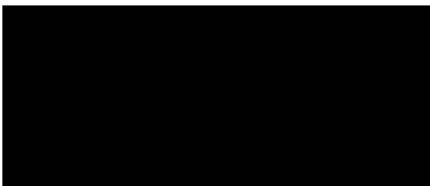


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6 May 1953

STATINTL

SAMPLE LETTER - RESIGNATION CASE



You will recall that federal employees under the classified civil service were granted a salary increase on October 24, 1951 retroactive to July 8, 1951. The statute which authorized this increase was Public Law 201 of the 82nd Congress. Since the Classification Act of 1949, which establishes salary rates for civil service employees, expressly did not apply to this Agency, our employees were not entitled to receive the retroactive benefits of Public Law 201 until the passage of special legislation in June of 1952 (Public Law 375 - 82nd Congress). However, CIA employees were paid at the increased salary rates prescribed by Public Law 201 prospectively from October 24, 1951.

During the period from July 8, 1951 to October 23, 1951, a number of personnel actions were effected by the Agency which involved changes in grade. In each of these cases, salary rates in the new grade were determined in accordance with the provisions of law prevailing at the time of the personnel action. These provisions carefully defined to which salary rate step an employee advanced on receipt of a change in grade. Your promotion, effective September 2, 1951 from GS-5, 6th step, \$3725 per annum, entitled you to be advanced to the 2nd step of GS-7, \$3950 per annum. A promotion in your case to the first step of GS-7 would not have given you the one-step increase in the then existing rate of basic compensation which the law required.

However, if the schedule of salary rates established by Public Law 201 had been in effect at the time the personnel action in your case was effected, your promotion from GS-5, 6th step, \$4035, to GS-7, 1st step, \$4205, rather than GS-7, 2nd step, \$4330, would have been entirely in compliance with the law. The Comptroller General of the United States has ruled that since Public Law 201 was retroactive to July 8, 1951, it is required that adjustments of compensation be made including collection of overpaid salary where necessary. Since Public Law 375 authorized this Agency to make retroactive adjustments on the same basis as provided by Public Law 201, the opinion of the Comptroller General regarding Public Law 201 is applicable to CIA.

It will be apparent from the foregoing that the Agency improperly paid you at the salary rate of a GS-7, 2nd step, from September 2, 1951 through October 23, 1951. Your compensation should have been at the scheduled rate for GS-7, 1st step, for that period. The foregoing computes to an overpayment in your case of \$17.38, in which amount refund is required under the law.

It is requested that you forward a check or money order, in the amount of \$17.38, made payable to the Treasurer of the United States, to the undersigned or inform this office the method by which you may refund this amount without any more unreasonable hardship to you than is necessary under the circumstances.

The inconvenience which the foregoing will cause you is regretted. The Agency has no alternative but to comply with the ruling of the Comptroller General.

Very truly yours,


Chief, Fiscal Division

STATINTL

DWC/LS:baw
c.c: Payroll (2)
FPB